

Financial Report - 30 June 2013

	Page
Contents	
Financial Report	
Statement of Profit or Loss and other Comprehensive Income	2
Statement of Financial Position	3
Statement of Cash Flows	4
Statement of Changes in Equity	5
Notes to the Financial Statements	6

This financial report covers BioTech Capital Limited.

BioTech Capital Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

BioTech Capital Limited
1 Edmondson Crescent
KARRINYUP WA 6018

Statement of Profit or Loss and other Comprehensive Income
For the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Revenue from continuing operations	2	37,712	52,577
Other gains and losses	2	99,889	132,831
Directors fees		(55,000)	(40,000)
Employee benefits expense		(10,500)	(42,000)
Other expenses from operations		(204,395)	(166,811)
Impairment loss on unlisted investments – available for sale		(379,053)	(1,690,000)
Profit (loss) on sale of financial assets		9,599	(106,764)
		<u>(539,460)</u>	<u>(1,912,744)</u>
(Loss) from continuing operations before related income tax benefit		(501,748)	(1,860,167)
Income tax benefit / (expense) relating to continuing operations	3	-	-
(Loss) from continuing operations after related income tax benefit attributable to members of BioTech Capital Limited		(501,748)	(1,860,167)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value (losses) gains on available for sale financial assets (net of tax)		(188,890)	(1,624,638)
Other comprehensive income, net of tax		(188,890)	(1,624,638)
		<u>(188,890)</u>	<u>(1,624,638)</u>
Total comprehensive (loss) for the year		(690,638)	(3,484,805)
Basic earnings / (loss) per share		(0.67)	(2.50)
	18	cents	cents
Diluted earnings / (loss) per share		(0.67)	(2.50)
	18	cents	cents

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2013

	Notes	2013 \$	2012 \$
Current Assets			
Cash and cash equivalents	4	429,957	877,026
Trade and other receivables	5	585	509
Financial assets	6	2,737,966	4,051,046
Total Current Assets		<u>3,168,508</u>	<u>4,928,581</u>
Total Assets		<u>3,168,508</u>	<u>4,928,581</u>
Current Liabilities			
Trade and other payables	7	13,644	304,206
Total Current Liabilities		<u>13,644</u>	<u>304,206</u>
Non Current Liabilities			
Deferred tax liabilities	3	-	33,333
Total Non Current Liabilities		<u>-</u>	<u>33,333</u>
Total Liabilities		<u>13,644</u>	<u>337,539</u>
Net Assets		<u>3,154,864</u>	<u>4,591,042</u>
Equity			
Issued Capital	8	39,338,817	39,338,817
Accumulated Losses	9	(36,183,953)	(34,936,665)
Reserves	10	-	188,890
Total Equity		<u>3,154,864</u>	<u>4,591,042</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2013

	Notes	2013 \$	2012 \$
Cash Flows from Operating Activities			
Interest received		37,712	52,577
Management agreement payments		(178,184)	(156,543)
Payments to suppliers and directors		(282,459)	(238,221)
Net cash used in operating activities	11	<u>(422,931)</u>	<u>(342,187)</u>
Cash Flows from Investing Activities			
Proceeds from sale of investments		721,402	220,588
Net cash provided by investing activities		<u>721,402</u>	<u>220,588</u>
Cash Flows from Financing Activities			
Dividend paid		(745,540)	(2,982,164)
Net cash used in financing activities		<u>(745,540)</u>	<u>(2,982,164)</u>
Net increase / (decrease) in Cash Held		(447,069)	(3,103,763)
Cash at the beginning of the financial year		877,026	3,980,789
Cash at the End of the Financial Year	4	<u>429,957</u>	<u>877,026</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2013

	Issued capital \$	Accumulated losses \$	Other reserves \$	Total \$
At 1 July 2011	39,338,817	(33,076,498)	1,813,528	8,075,847
Loss for the year	-	(1,860,167)	-	(1,860,167)
Other comprehensive income	-	-	(1,624,638)	(1,624,638)
Total comprehensive (loss) for the year	-	(1,860,167)	(1,624,638)	(3,484,805)
At 30 June 2012	39,338,817	(34,936,665)	188,890	4,591,042
At 1 July 2012	39,338,817	(34,936,665)	188,890	4,591,042
Loss for the year	-	(501,748)	-	(501,748)
Other comprehensive income	-	-	(188,890)	(188,890)
Total comprehensive income (loss) for the year	-	(501,748)	(188,890)	(690,638)
Transaction with owners in their capacity as owners: Dividend paid	-	(745,540)	-	(745,540)
At 30 June 2013	39,338,817	(36,183,953)	-	3,154,864

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 1	Summary of Significant Accounting Policies	7
Note 2	Revenues from Ordinary Activities	11
Note 3	Income Tax	11
Note 4	Cash and cash equivalents	13
Note 5	Trade and other receivables	13
Note 6	Financial Assets	13
Note 7	Trade and other payables	14
Note 8	Issued Capital	14
Note 9	Accumulated Losses	14
Note 10	Reserves	15
Note 11	Reconciliation of Operating (Loss) after Income Tax to the Net Cash Flow from Operating Activities	15
Note 12	Subsequent Events	15
Note 13	Key Management Personnel	15
Note 14	Remuneration of Auditors	17
Note 15	Related Party Disclosures	17
Note 16	Operating Segments	18
Note 17	Financial Risk Management Objectives and Policies	18
Note 18	Earnings / (Loss) Per Share	22
Note 19	Dividends	22
Note 20	Contingent Liability	22

Notes to the Financial Statements

For the year ended 30 June 2013

Note 1 Summary of Significant Accounting Policies**The Financial Report of Biotech Capital Limited for the year ended 30 June 2013**

This general purpose financial report has been prepared in accordance with the requirements of Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. The financial report was authorised for issue in accordance with a resolution of the directors on 15 August 2013.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value. BioTech Capital Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. Both the functional currency and presentation currency of BioTech Capital Limited is Australian dollars (\$AUD).

For the purpose of preparing the financial statements, the Company is a for-profit entity.

Statement of Compliance

Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards ('IFRS').

Application of New and Revised Accounting Standards**(a) Standards and Interpretations adopted in the current year**

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period beginning 1 July 2012. The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements:

- *AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'*

From 1 July 2012, the Company applied amendments to AASB 101 '*Presentation of Items of Other Comprehensive Income*' outlined in *AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'*. The change in the accounting policy only relates to disclosures and has had no impact on the earnings of the Company. The changes have been applied retrospectively and require the Company to separately present those items of other comprehensive income that maybe reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. These changes have been included in the Statement of Profit or Loss and Other Comprehensive Income.

(b) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 June 2012:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' (December 2009), AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9' AASB 9 'Financial Instruments' (December 2010) and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements' (2011)	1 January 2013	30 June 2014

Notes to the Financial Statements

For the year ended 30 June 2013

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 128 'Investments in Associates and Joint Ventures' (2011)	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)'	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'	1 January 2013	30 June 2014
AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'	1 January 2013	30 June 2014
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015

The impact of these recently issued or amended standards and interpretations are not expected to have a material impact on the Company.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Income Tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Notes to the Financial Statements

For the year ended 30 June 2013

(b) Impairment of Financial Assets

Financial assets, other than those financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(c) Revenue Recognition

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(d) Investments and other Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(i) *Available-for-sale*

All investments are initially recognised at fair value, being the fair value of the consideration given and including transaction costs that are directly attributable to the acquisition or issue of the investment. After initial recognition, investments, which are classified as available-for-sale, are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

For investments in unlisted shares that are not traded in an active market, also classified as available-for-sale financial assets and stated at fair value (because the directors consider that the fair value can be reliably measured), fair value is determined in a manner described in note 6.

(ii) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy.

Notes to the Financial Statements

For the year ended 30 June 2013

Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(iii) *Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity, such as term deposits, are initially recognised at fair value and subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount.

(e) **Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprises of cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) **Trade and other creditors**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) **Earnings / (Loss) per share**

(i) *Basic earnings / (loss) per share*

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) *Diluted earnings / (loss) per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(h) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) **Significant accounting judgments, estimates and assumptions**

In applying the Company's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Classification of and valuation of investments

The Company has decided to classify investments in listed and unlisted securities as 'available-for-sale' investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by

Notes to the Financial Statements

For the year ended 30 June 2013

reference to published price quotations in an active market. The fair values of unlisted securities not traded in an active market are measured at fair value and are determined in a manner described in note 6.

Impairment of financial assets

The company assesses impairment of all assets at each reporting date by evaluating conditions specific to their investments and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. This involves impacts on estimated future cash flows which incorporate a number of key estimates and assumptions. The Board reviews the latest financial results of unlisted companies, project updates from the investment manager and market data available to determine any impairment on unlisted investments. Impairment is made based on management best estimates of future estimated cash flows. An impairment loss on unlisted investments of \$379,053 (2012: \$1,690,000) has been recorded in the statement of profit or loss and other comprehensive income.

Note 2 Revenues from Ordinary Activities

	30 June 2013	30 June 2012
	\$	\$
Finance revenue	37,712	52,577
	<u>37,712</u>	<u>52,577</u>
Other gains and losses		
Net gain on remeasurement of liability (refer to note 15(c))	99,889	132,831

Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2013 and 2012 are:

	30 June 2013	30 June 2012
	\$	\$
Statement of Profit or Loss and other Comprehensive Income		
<i>Current Income</i>		
Current income tax benefit	-	-
Adjustments in respect to current income tax of previous years	-	-
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	<u>-</u>	<u>-</u>
Statement of changes in equity		
<i>Deferred Income Tax</i>		
Unrealised gain/(loss) on available for sale financial assets	(33,333)	(71,978)
Income tax benefit reported in equity	<u>(33,333)</u>	<u>(71,978)</u>

A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2013 and 2012 is as follows:

Accounting profit / (loss) before tax from continuing operations	(501,748)	(1,860,167)
Loss before tax from discontinued operations	-	-
Accounting profit / (loss) before income tax	<u>(501,748)</u>	<u>(1,860,167)</u>
At the statutory income tax rate of 25% (2012: 25%)	(125,437)	(465,042)
Adjustments in respect of current income tax of previous years	-	-
Investment losses not brought to account	94,763	389,292
Temporary differences and tax losses not brought to account as a deferred tax asset	30,674	75,750
At effective income tax rate of (0%) (2012: (0%))	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 30 June 2013

	30 June 2013	30 June 2012
	\$	\$
Income tax expense reported in statement of profit or loss	-	-
	<u>-</u>	<u>-</u>

The Company is a Pooled Development Fund (PDF) and is taxed at 15% on income and gains from investments in small to medium enterprises and taxed at 25% on other income.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$
Fair value adjustments of investments	-	-	-	33,333	-	33,333
Capital raising costs	-	-	-	-	-	-
<i>Tax / (assets) liabilities</i>	-	-	-	33,333	-	33,333
Set off of tax	-	-	-	-	-	-
Net tax / (assets) liabilities	-	-	-	33,333	-	33,333

	30 June 2013	30 June 2012
	\$	\$
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses	3,884,487	2,157,146
Other	2,250	3,125
Investments	-	-
Tax Losses - Capital	56,819	1,252,300
	<u>3,943,556</u>	<u>3,412,571</u>

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the company can utilise the benefits from. Due to PDF status of the Company, tax losses and other are taxed at 25% and investments and investment provision are taxed at 15%.

Movement in deferred tax assets / liabilities

	Balance 1 July 2011	Recognised in Income	Recognised in Equity	Balance 30 June 2012
	\$	\$	\$	\$
Fair value adjustments of investments	105,311	-	(71,978)	33,333
Capital raising costs	-	-	-	-
	<u>105,311</u>	<u>-</u>	<u>(71,978)</u>	<u>33,333</u>

	Balance 1 July 2012	Recognised in Income	Recognised in Equity	Balance 30 June 2013
	\$	\$	\$	\$
Fair value adjustments of investments	33,333	-	(33,333)	-
Capital raising costs	-	-	-	-
	<u>33,333</u>	<u>-</u>	<u>(33,333)</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 30 June 2013

Note 4 Cash and cash equivalents

	30 June 2013	30 June 2012
	\$	\$
Cash at bank and on hand	79,804	373,216
Term Deposits	350,153	503,810
	<u>429,957</u>	<u>877,026</u>

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Term deposits are made for varying periods; those deposits with a maturity date less than 3 months are classified as cash equivalents and earn interest at the respective term deposit rate.

Note 5 Trade and other receivables

	30 June 2013	30 June 2012
	\$	\$
GST recoverable	585	509
	<u>585</u>	<u>509</u>

Trade and other receivables are non-interest bearing and are generally on a 60 day term.

Note 6 Financial Assets

	30 June 2013	30 June 2012
	\$	\$
Current		
Available for Sale Financial Assets:		
Investment in unlisted Companies – at directors' valuation	2,737,966	4,051,046
Total Available for Sale Financial Assets	<u>2,737,966</u>	<u>4,051,046</u>
Total Current Financial Assets	<u>2,737,966</u>	<u>4,051,046</u>

On 12 August 2010, the Company announced it was adopting a change in investment strategy and restructuring. It is currently the Board's intention to liquidate the last remaining investment in an orderly manner as and when opportunities to do so arise with proceeds being returned to shareholders through a combination of dividends and other capital management strategies including but not limited to share buybacks and in specie distributions. As a result of the change in investment strategy, all financial assets have been classified as current. The Board acknowledges, due to the nature and liquidity of the Company's unlisted investments, that realisation of these investments may take longer than 12 months. Available for sale financial assets consist of investments in ordinary shares.

Unlisted shares

The fair value of unlisted available for sale investments is determined by director's valuations, which is based on their experience in the industry and the average realisable value in the short term based on their change in investment strategy. The directors have used assumptions, such as impacts on estimated cash flows, project updates and other market data available in determining their valuation of unlisted investments.

Impairment Loss on Unlisted Investments

An allowance for impairment loss is recognised when there is objective evidence that unlisted investments are impaired. During the year, the Board obtained the latest financial results of unlisted companies and reviewed project updates from the investment manager. Based on management's best estimate of information available, the Board decided to record an impairment loss. An impairment loss on unlisted investments of \$379,053 (2012: \$1,690,000) has been recorded in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the year ended 30 June 2013

	30 June 2013	30 June 2012
	\$	\$
Summary of changes in investments in financial assets		
Opening	4,051,046	7,765,014
Acquisitions	-	-
Impairment loss on unlisted investments	(379,053)	(1,690,000)
Disposals	(712,062)	(327,352)
Revaluations	(221,965)	(1,696,616)
Closing	<u>2,737,966</u>	<u>4,051,046</u>

As at 30 June 2013, Biotech Capital Limited does not hold more than a 20% interest in any investments. As at 30 June 2012, BioTech Capital Limited's interest in Biocomm Services Pty Ltd was 27.78% through the conversion of their convertible notes to ordinary shares, as the company entered into voluntarily liquidation. The directors of the Company did not consider that the Company was able to exercise significant influence over Biocomm Services Pty Ltd.

Note 7 Trade and other payables

	30 June 2013	30 June 2012
	\$	\$
Current		
Trade creditors	4,644	13,633
Other payables – director related entity (Note 15(c))	-	278,073
Audit fees payable	9,000	12,500
	<u>13,644</u>	<u>304,206</u>

Trade and other payables are non-interest bearing and are generally settled on 60 day terms. The current payable to a director related entity in 2012 related to the acquisition of Titan Bioventures Management Pty Ltd and subsequent internalisation of the management function as explained in Note 15(c).

Note 8 Issued Capital

	2013	2013	2012	2012
	Shares	\$	Shares	\$
(a) Ordinary Shares				
Issued and fully paid	<u>74,554,108</u>	<u>39,338,817</u>	<u>74,554,108</u>	<u>39,338,817</u>
(b) Ordinary shares				

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The company does not have authorised capital or par value in respect of its issued capital.

Note 9 Accumulated Losses

	30 June 2013	30 June 2012
	\$	\$
Accumulated losses at the beginning of the year	(34,936,665)	(33,076,498)
Net (Loss)	(501,748)	(1,860,167)
Dividend Paid	<u>(745,540)</u>	<u>-</u>
Accumulated losses at the end of the year	<u>(36,183,953)</u>	<u>(34,936,665)</u>

Notes to the Financial Statements

For the year ended 30 June 2013

Note 10 Reserves

	30 June 2013 \$	30 June 2012 \$
Investments Revaluation Reserve	-	188,890
	<u>-</u>	<u>188,890</u>

Investments Revaluation Movements During the Year

Opening Balance	188,890	1,813,528
Net revaluation (decrement) increment on investments	(222,223)	(1,696,616)
Income tax arising on revaluation of investments	33,333	71,978
Cumulative (gain) / loss to profit or loss on sale of investments	-	-
Closing Balance	<u>-</u>	<u>188,890</u>

This reserve records the movement for available for sale financial assets to fair value. Unrealised gains and unrealised losses are arrived at by comparing the balance date value of each investment, as determined in accordance with the company's declared valuation policy, with the investment's cost price. The above unrealised revaluation loss on investments reflects director's valuations at 30 June 2013.

Note 11 Reconciliation of Operating (Loss) after Income Tax to the Net Cash Flow from Operating Activities

	30 June 2013 \$	30 June 2012 \$
Operating (loss) after income tax	(501,748)	(1,860,167)
<i>Adjustment for:</i>		
Impairment Loss on Unlisted Investments	379,053	1,690,000
Net gain on Remeasurement of Liability	(99,889)	(132,831)
Loss (Profit) on Sale of Investments	(9,599)	106,764
<i>Changes in assets and liabilities:</i>		
(Decrease) / Increase in trade and other payables	<u>(190,748)</u>	<u>(145,953)</u>
Net cash flow from operating activities	<u>(422,931)</u>	<u>(342,187)</u>

Note 12 Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the economic entity in future financial years.

Note 13 Key Management Personnel

- (a) Name and position of key management personnel of the company in office at any time during the financial year:
- (i) Directors
 K T Greiner – Resigned 1 November 2012. Chairman (non-executive)
 A J Davidson – non executive and Chairman (non-executive) from 1 November 2012.
 H Karelis – Managing Director to 30 September 2012 and non-executive since then.
 E Taylor – Appointed 1 November 2012. Non-executive
- (ii) Executives
 None noted.
- (b) Remuneration of each key management personnel during the year (see also notes below)

Notes to the Financial Statements

For the year ended 30 June 2013

2013	Short Term Employee Benefits	Post Employment Benefits	Share Based Payments	Other Long Term Benefits	Total \$
	Salary and Fees	Superannuation			
(i) Directors K T Greiner Resigned 1/11/2012 Chairman (non-executive)	6,667	-	-	-	6,667
A J Davidson (non-executive)	20,000	-	-	-	20,000
H Karelis (Managing Director to 30/9/2012) (see note 13 (d) & 15(c))	24,555	945	-	-	25,500
E Taylor (non-executive)	13,333	-	-	-	13,333
Total Remuneration	64,555	945	-	-	65,500

2012	Short Term Employee Benefits	Post Employment Benefits	Share Based Payments	Other Long Term Benefits	Total \$
	Salary and Fees	Superannuation			
(i) Directors K T Greiner Chairman (non-executive)	20,000	-	-	-	20,000
A J Davidson (non-executive)	-	20,000	-	-	20,000
H Karelis (Managing Director) (see note 13(d) & 15(c))	38,220	3,780	-	-	42,000
Total Remuneration	58,220	23,780	-	-	82,000

(c) Remuneration Options

No key management personnel of the company has received any options (listed or unlisted) as part of their remuneration during this financial year (2012: Nil).

(d) Remuneration Practices

The remuneration of each director has been established on the basis of a flat fee, inclusive of any superannuation benefit. Thus there is no direct link, as such, between performance and the level of remuneration.

Mr Karelis was a beneficiary and managing director of Titan Bioventures Management Pty Ltd ('Titan'), the company's investment manager until 28 October 2010 when Titan was acquired by the company for the purpose of internalising the management arrangements of the company (refer to Note 21). From 31 October 2010 to 30 September 2012, Mr Karelis was remunerated by the company receiving a salary of \$42,000 per annum (including superannuation). Details of fees paid during the year to Titan are shown in Note 15 (c).

(e) Equity instrument disclosures relating to key management personnel**Share holdings**

The numbers of shares in the company held during the financial year by each director of BioTech Capital Limited, including their personally-related entities, are set out below.

Notes to the Financial Statements

For the year ended 30 June 2013

Year ended 30 June 2013

Name	Balance at the start of the year	Additions	Other net changes during the year*	Balance at the end of the year
Ordinary shares				
(i) Director				
K T Greiner	12,700	-	(12,700)	-
A J Davidson	120,000	-	-	120,000
H Karelis	800,000	-	-	800,000
E Taylor	-	500,000	-	500,000

Year ended 30 June 2012

Name	Balance at the start of the year	Additions	Other net changes during the year	Balance at the end of the year
Ordinary shares				
(i) Director				
K T Greiner	12,700	-	-	12,700
A J Davidson	120,000	-	-	120,000
H Karelis	800,000	-	-	800,000

*Net change relates to the shares held at the date of resignation of key management personnel.

Note 14 Remuneration of Auditors

	30 June 2013	30 June 2012
	\$	\$
Deloitte Touche Tohmatsu		
Remuneration for audit or review of the financial statements	<u>23,589</u>	<u>23,728</u>
Remuneration for non-audit - taxation and other services	<u>-</u>	<u>-</u>

Note 15 Related Party Disclosures**(a) Remuneration Benefits**

Information on remuneration benefits of key management personnel is disclosed in note 13.

(b) Transactions of directors and director related entities concerning shares or share options.

Aggregate number of shares of Biotech Capital Limited acquired or disposed of by directors of the company or their director related entities.

	2013	2012
	Number	Number
Ordinary shares acquired/(disposed of)	487,300	-

Aggregate number of shares of Biotech Capital Limited held directly, indirectly or beneficially by directors of the company or their director related entities at balance date.

Ordinary Shares	1,420,000	932,700
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(c) Transactions with directors and director related entities:

The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available or which might reasonably be expected to be available, on similar transactions to non-director entities on an arm's length basis.

Titan Bioventures Management Pty Ltd ('Titan'), a company in which Harry Karelis was a director and beneficiary, was the investment manager of Biotech Capital Limited until 28 October 2010 and commenced

Notes to the Financial Statements

For the year ended 30 June 2013

this role on 9 April 2004. Titan was acquired by the Company on 28 October 2010 following approval by shareholders at an Extraordinary General Meeting for the purpose of internalising the management arrangements of the Company and subsequently deregistered. Under the terms of the acquisition, a payable and contingent liability was payable. During the year \$178,184 (2012: \$156,543) was paid during the year on expiry of the agreement on 30 September 2012. As at 30 June 2013, there are no current payables (2012: \$156,542) or no current payable relating to the contingent liability (2012: current payable of \$121,531) based on the calculation of the realised value of unlisted investments to an entity related to Harry Karelis, as the contract has now expired. A net gain on remeasurement of the contingent liability during the year totalled \$99,889 (2012: \$132,831)

Note 16 Operating Segments

Operating segments have been identified on the basis of internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors. On a regular basis, the board receives financial information on a company basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

Note 17 Financial Risk Management Objectives and Policies**Financial Risk Management Overview**

The company has exposure to the following risks from their use of financial instruments – interest rate risk, credit risk, liquidity risk and market price risk. This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors have overall responsibility for the establishment and oversight of the risk management framework. The board reviews regularly the adequacy of the risk management framework in relation to the risks faced by the company. The company's principal financial instruments comprise cash and short term deposits and financial assets. The company has other financial instruments such as trade debtors and trade creditors which arise directly from its operations. The company's policy in relation to the valuation of investments traded on organised markets, and unlisted investments has been described in Note 1(d). The investment manager performs reviews of investments on a regular basis, that is then reported to the Board, to allow them to make decisions regarding the company's investments.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the company uses. The company's financial assets which are affected by interest rate risk are the company's cash and cash equivalents and term deposits held. The company manages its interest cost by using a mix of fixed and variable rates and trades only with recognised credit worthy third parties.

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

30 June 2013

	Balance \$	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	79,804	Floating	3.00%
Term deposits – cash equivalents	350,153	Floating	4.00%
Receivables	585	N/A	-
Available for sale financial assets:			
Unlisted investments	<u>2,737,966</u>	N/A	
Total financial assets	<u>3,168,508</u>		
Financial liabilities -			
Payables	<u>13,644</u>	N/A	-
Total financial liabilities	<u>13,644</u>		
Net Financial Assets	<u><u>3,154,864</u></u>		

Notes to the Financial Statements

For the year ended 30 June 2013

30 June 2012

	Balance \$	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	373,216	Floating	4.25%
Term deposits – cash equivalents	503,810	Floating	5.15%
Receivables	509	N/A	-
Available for sale financial assets:			
Unlisted investments	4,051,046	N/A	
Total financial assets	<u>4,928,581</u>		
Financial liabilities -			
Payables	304,206	N/A	-
Total financial liabilities	<u>304,206</u>		
Net Financial Assets	<u>4,624,375</u>		

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis for 2012.

	Carrying Value	Profit or loss		Equity	
		100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2013	\$	\$	\$	\$	\$
Cash and cash equivalents	79,804	798	(798)	798	(798)
Term deposits – cash equivalents	350,153	3,502	(3,502)	3,502	(3,502)
Cash flow sensitivity (net)		4,300	(4,300)	4,300	(4,300)
30 June 2012					
Cash and cash equivalents	373,216	3,732	(3,732)	3,732	(3,732)
Term deposits – cash equivalents	503,810	5,038	(5,038)	5,038	(5,038)
Cash flow sensitivity (net)		8,770	(8,770)	8,770	(8,770)

Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's financial assets. The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of these assets.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	6 months or less	Greater than 6 months, less than 1 year	Greater than 1 year
30 June 2013	\$	\$	\$	\$	\$
Trade and other payables	(13,644)	(13,644)	(13,644)	-	-
	<u>(13,644)</u>	<u>(13,644)</u>	<u>(13,644)</u>	<u>-</u>	<u>-</u>
30 June 2012					
Trade and other payables	(304,205)	(304,205)	(304,205)	-	-
	<u>(304,205)</u>	<u>(304,205)</u>	<u>(304,205)</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 30 June 2013

Fair Value of Financial Assets and Liabilities

There is no difference between the fair values and the carrying amounts of the company's financial instruments. The company has no unrecognised financial instruments at balance date.

Market Price Risk

Equity price risk arises from available-for-sale equity securities and financial asset held at fair value through profit or loss held as a part of the company's operations. Investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors. The primary goal of the Company's investment strategy is to maximise investment returns on sale of investments. Listed investments are designated as available for sale financial assets because their performance is actively monitored and they are managed on a fair value basis.

Sensitivity analysis on changes in market equity prices

A change of 20% (based on the Board's assessment of share price movements during the period and similar movements in the life sciences industry) in equity prices at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis for 2012. In 2012 and 2013, if equity prices decreased on listed investments, movement would be recorded in the profit or loss due to impairment indicators were considered permanent, while if equity prices increased on listed investments, movement would be taken to the asset revaluation reserve directly in equity.

	Carrying Value	Profit or loss		Equity	
		20% increase	20% decrease	20% increase	20% decrease
30 June 2013	\$	\$	\$	\$	\$
Available for sale financial assets:					
Listed investments	-	-	-	-	-
Unlisted investments	2,737,966	-	(547,593)	547,593	(547,593)
Financial assets held at FVTPL:	-	-	-	-	-
		-	(547,593)	547,593	(547,593)
30 June 2012					
Available for sale financial assets:					
Listed investments	-	-	-	-	-
Unlisted investments	4,051,046	-	(810,209)	810,209	(810,209)
Financial assets held at FVTPL:	-	-	-	-	-
		-	(810,209)	810,209	(810,209)

Impairment losses

An impairment loss of \$379,053 (2012: \$1,690,000) was recognised in respect of unlisted available for sale investments due to the director's valuations performed during the period.

Fair value of financial instruments: Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance by directors' valuations, which are based on their experience in the industry and the average realisable value in the short term. Directors have used assumptions, such as impacts on estimated cash flows, project updates and other market data available in determining their valuation of unlisted investments.

Fair value measurements recognised in the statement of financial position:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

For the year ended 30 June 2013

	Level 1	Level 2	Level 3	Total
30 June 2013	\$	\$	\$	\$
Financial assets				
Listed investments – available for sale	-	-	-	-
Unlisted investments– available for sale	-	-	2,737,966	2,737,966
Listed convertible notes - FVTPL	-	-	-	-
	-	-	2,737,966	2,737,966
30 June 2012				
Financial assets:				
Listed investments – available for sale	-	-	-	-
Unlisted investments– available for sale	-	-	4,051,046	4,051,046
Listed convertible notes - FVTPL	-	-	-	-
	-	-	4,051,046	4,051,046

There were no transfers between levels during the year.

Reconciliation of Level 3 fair value measurements of financial assets

	2013 Unlisted investments	2013 Total	2012 Unlisted investments	2012 Total
	\$	\$	\$	\$
Opening balance	4,051,046	4,051,046	7,410,537	7,410,537
Total gains or losses:				
- in profit and loss	(379,053)	(379,053)	(1,690,000)	(1,690,000)
- in other comprehensive income	(221,965)	(221,965)	(1,669,491)	(1,669,491)
- disposals	(721,062)	(721,062)	-	-
Closing balance	2,737,966	2,737,966	4,051,046	4,051,046

Significant assumptions used in determining fair value of financial assets and liabilities

The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market. The fair value of unlisted available for sale investments are determined by directors' valuations and assumptions, such as impacts on estimated cash flows, project updates and market data available.

Capital risk management

The Company objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Company's capital is performed by the Board. The company is not subject to externally imposed capital requirements. The Company's overall strategy remains unchanged from 2012.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

	30 June 2013 \$	30 June 2012 \$
Categories of financial instruments		
Financial assets		
Cash and cash equivalents	429,957	877,026
Trade and other receivables	585	509
Available for sale financial assets	2,737,966	4,051,046
Financial assets held at FVTPL	-	-
Financial liabilities		
Trade and other payables	13,644	304,205

Notes to the Financial Statements

For the year ended 30 June 2013

Note 18 Earnings / (Loss) Per Share

	30 June 2013	30 June 2012
Basic earnings / (loss) per share, based on the after tax benefit loss of (\$501,748) (2012: (\$1,860,167))	(0.67) cents per share	(2.50) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	74,554,108 shares	74,554,108 shares

For the purposes of diluted EPS there have been no diluting potential ordinary shares outstanding during the year. There have been no other transactions involving ordinary shares or potential ordinary share since the reporting date and before the completion of these financial statements.

Note 19 Dividends

On 16 October 2012, the directors declared an unfranked dividend of 1 cent per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2013. The total dividend of \$745,540 is reflected in this Financial Report.

Note 20 Contingent Liabilities

There were no contingencies of which the company is aware as at the date of this report.

